



GRATA
INTERNATIONAL

Local Knowledge
for Global Business

www.gratanet.com

Standard & Poor's improved Uzbekistan's rating forecast to «stable»

The world-rating agency Standard & Poor's (the "Agency") in its last report maintained Uzbekistan's sovereign rating at "BB-" level, but improved the forecast for the country from "negative" to "stable".

In its previous report issued last June, the forecast was decreased to "negative". This decision was made due to the rapid growth of the foreign debt of the country.

In its report for this year, the Agency drew attention to the following factors in raising the forecast for the country:

Economic growth of 1.6% in 2020. According to an estimated forecast, in 2021 the economy of Uzbekistan is projected to grow by 4.8%, the main reason for growth being the service sector.

Imposition of limits on the State foreign debt. The Agency positively assessed the adoption of the Law "On State Budget" which sets the annual limit of foreign debt at USD5 billion and its maximum limit of 60% of GDP.

Improvement of Uzbekistan's fiscal position in 2020-2021. It was noted that the high price of gold in 2020 led to a lower overall budget deficit in support of State revenues and external balance.

Uzbekistan's external balance in 2020 ended better than expected. At the end of 2020, current assets in the public and financial sectors exceeded total foreign debt.

Implementation of a number of reforms in the country. The Agency highlighted measures towards increasing the independence of the judiciary, lifting restrictions on freedom of speech and increasing accountability to citizens, fighting corruption, increasing the transparency of economic data, liberalizing trade and the exchange rate, and reforms and plans to privatize State enterprises.

The report mentions that the rating can be decreased if Uzbekistan fails to stabilize its foreign debt growth over the next 12 months. On the other hand, Uzbekistan's integration into the global economy, improved growth potential in the economy and the level of fiscal and external reserves as a result of economic reforms may have a positive impact on Uzbekistan's rating.

Practice areas

[FINANCE AND SECURITIES](#)

Locations

[UZBEKISTAN](#)